

**REMARKS**

Claims 1-11 are pending in this application. By this Amendment, claim 1 is amended.

Applicants appreciate the courtesies shown to Applicants' representative by Examiner Beauchaine during the October 27, 2006 personal interview. Applicants' separate record of the substance of the interview is incorporated into the following remarks.

Entry of the amendments is proper under 37 CFR §1.116 since the amendments: (a) place the application in condition for allowance (for the reasons discussed herein); (b) do not raise any new issue requiring further search and/or consideration (as the amendments amplify issues previously discussed throughout prosecution); (c) do not present any additional claims without canceling a corresponding number of finally rejected claims; and (d) place the application in better form for appeal, should an appeal be necessary.

**I. Claim Rejections**

The Office Action (i) rejects claims 1 and 4-10 under 35 U.S.C. §103(a) over European Patent Publication No. EP 0967581 to Katou et al. (Katou); (ii) rejects claim 2 under 35 U.S.C. §103(a) over Katou in view of U.S. Pat. No. 6,128,402 to Jones et al. (Jones); (iii) rejects claim 3 under 35 U.S.C. §103(a) over Katou in view of U.S. Pat. No. 4,625,870 to Nao et al. (Nao); and (iv) rejects claim 11 under 35 U.S.C. §103(a) over Katou in view of U.S. Pat. No. 4,587,408 to Watanabe. Applicants respectfully traverse the rejections.

By this Amendment, claim 1 is amended, as discussed during the personal interview, to more clearly define fitness of currency. Claim 1 recites: "the fitness of a bill being determined as sufficient for recycling when the detection system determines that the bill can be reliably dispensed by the currency bill recycling machine, the fitness of the bill being determined as sufficient for recirculating but not recycling when the dispensing system determines that the bill is degraded such that the bill cannot be reliably dispensed by the

currency bill recycling machine but can be further used in commerce, the fitness of the bill being determined as unfit when the detection system determines the bill is sufficiently degraded that the bill is unusable in commerce." Thus, as discussed during the personal interview, the claims distinguish over the applied references.

Further, as discussed at the personal interview, Katou fails to disclose either (1) a recirculation store, (2) a detection system adapted to cause genuine bills of sufficient fitness for recirculating but not recycling to be fed to the recirculation store, or (3) a detection system able to distinguish fitness. Katou fails to disclose a recirculation store because Katou only distinguishes (a) bills for recycling by Katou's bill deposit/withdrawal machine, which are stored in any of several boxes including the deposit box 6, withdrawal box 7, and the recycle box 9, (b) and bills that Katou's machine is unable to distinguish, which are stored in reject box 9 (paragraph [0020]). In contrast, the feature of a recirculation store is directed to a store for bills which the claimed currency bill recycling machine is able to distinguish are fit for reuse in commerce but which cannot reliably be dispensed by the currency bill recycling machine.

Katou fails to disclose the claimed detection system adapted to cause genuine bills of sufficient fitness for recirculating but not recycling to be fed to the recirculation store because (a) Katou's discriminating unit 3 is only able to determine whether two bills are stuck together, not whether a bill is fit for recirculation but not recycling (paragraph [0027]) and (b) Katou, as discussed above, does not disclose a recirculation store. Katou fails to disclose a detection system able to determine fitness because, as discussed above, Katou's discriminating unit 3 only discriminates between stuck bills and, possibly, for denomination (paragraph [0027]) but not for fitness for use in commerce or for dispensing from the machine. Jones, Nao, and Watanabe fail to cure these deficiencies.

For the foregoing reasons, Applicants respectfully request withdrawal of the rejections.

**II. Conclusion**

In view of the foregoing, it is respectfully submitted that this application is in condition for allowance. Favorable reconsideration and prompt allowance are earnestly solicited.

Should the Examiner believe that anything further would be desirable in order to place this application in even better condition for allowance, the Examiner is invited to contact the undersigned at the telephone number set forth below.

Respectfully submitted,



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JAO:JHB/ccs

Date: October 30, 2006

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